

Warsaw Office, Q1 2015

Warsaw office stock to increase by over 20% by the end of 2017

Office stock
4.5 M SQ M

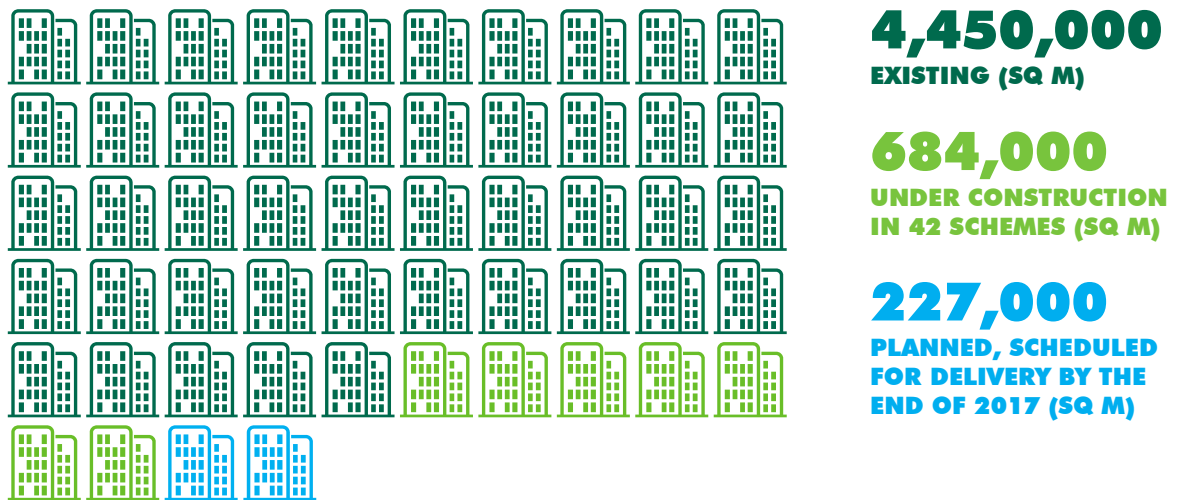
Vacancy rate
13.0%

Office take-up (Q1 2015)
168,300 SQ M

Absorption (Q1 2015)
62,300 SQ M

*Arrows indicate change from corresponding quarter in a previous year.

Figure 1: Warsaw office stock



Source: CBRE / PORF, Q1 2015.

HOT TOPICS

- Q1 2015 leasing activity and absorption figures indicate continuously high office demand.
- High amount of office space planned for delivery in the City Centre throughout 2016, especially along the newly opened metro line.
- Vacancy rates fall in Q1 on a quarter-to-quarter basis, however they are projected to return on a growth path in the upcoming quarters.
- Prime rental level is expected to decline throughout 2015-2016.
- The amount of office space under construction remains persistently high.

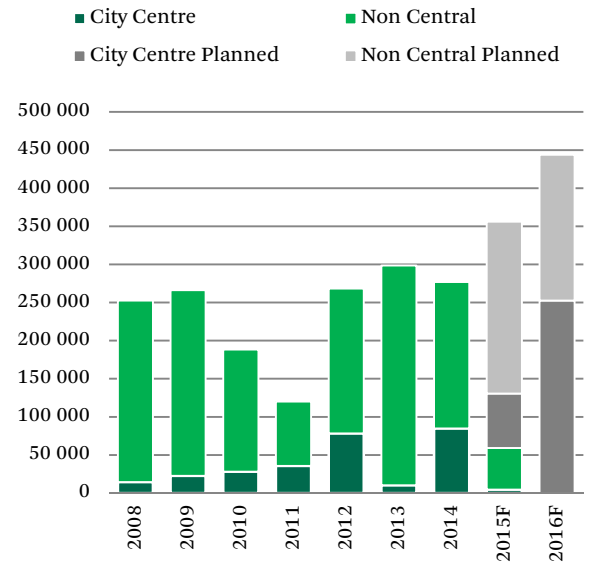
Summary

Stock	4,450,000 sq m
Q1 2015 completions	59,200 sq m
2015 forecasted completions	356,100 sq m
Under construction	683,600 sq m
Vacancy rate	13.0%
2014 take-up	612,400 sq m

CONSIDERABLY HIGH OFFICE PIPELINE IN THE CITY CENTRE

- Since the beginning of 2015 almost 60,000 sq m of office space has been delivered in 8 schemes.
- Currently, there is 684,000 sq m under construction in Warsaw. 40% of this space is being developed in the City Centre, creating considerable competition in the area.
- Tenants prefer to choose schemes which are already completed. Only 20% of the space under construction is pre-let.
- The pipeline is significantly concentrated in large schemes. 10 of the biggest buildings under construction constitute over 50% of the developed space.

Figure 2: Warsaw office completions

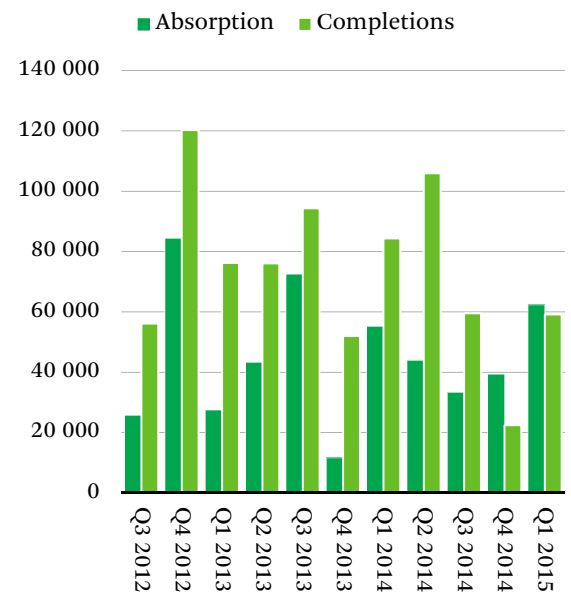


Source: CBRE / PORF, Q1 2015, F – forecast.

ABSORPTION EXCEEDED COMPLETIONS IN Q1 2015

- The office absorption in Q1 totalled a healthy 62,300 sq m, considerably above the average value for the last 4 years (ca. 39,000 sq m).
- For the second consecutive quarter the quarterly absorption exceeded the amount of completions leading to a slight decline of the vacancy rate.
- In Q1 2015 there was 14,300 sq m of office space absorbed in the City Centre and 48,000 sq m in Non-Central locations.
- A-class absorption amounted to ca. 62,300 sq m, while the absorption of B-class office space was negative, close to 0 sq m.

Figure 3: Absorption versus completions in Warsaw

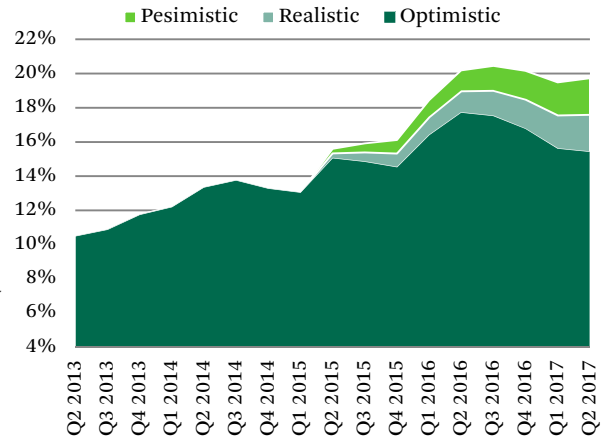


Source: CBRE / PORF, Q1 2015.

VACANCY RATE TO GROW EVEN IN THE BEST CASE SCENARIO

- The vacancy rate in Q1 2015 deteriorated to 13.0% from 13.3% registered in the last quarter.
- However, due to a relatively large amount of office space under construction, it is predicted that the vacancy rate will return on a growth path during the next few quarters.
- Under this realistic scenario, the vacancy rate is expected to increase and might reach 19% by the middle of 2016.
- In the City Centre the vacancy rate amounted to 14.5%, while in Non-Central locations it reached 12.4%.

Figure 4: Vacancy rate forecasts

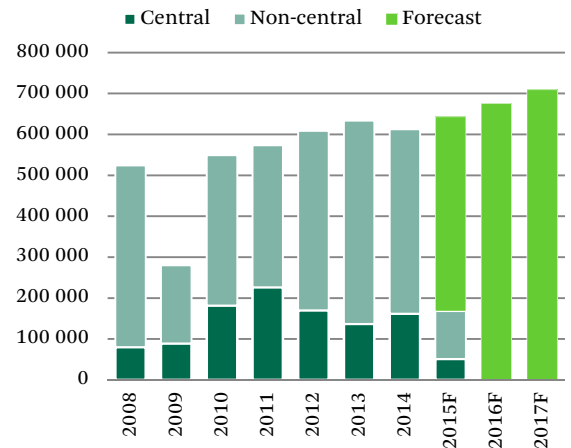


Source: CBRE / PORF, Q1 2015.

LEASING ACTIVITY INDICATING A STRONG LEVEL OF DEMAND

- The leasing activity in Q1 2015 was virtually 30% higher in comparison to the corresponding period of 2014.
- In Q1 2015 gross take-up in the City Centre amounted to 51,000 sq m, while 117,300 sq m was attributable to Non-Central locations.
- 54% of the leasing activity was related to new deals in existing buildings. Renewals and pre-lets amounted to 26% and to 14% respectively.
- Noteworthy, the leasing activity in Q1 2015 was strongly driven by major transactions. There were 3 agreements signed for office space exceeding 10,000 sq m.

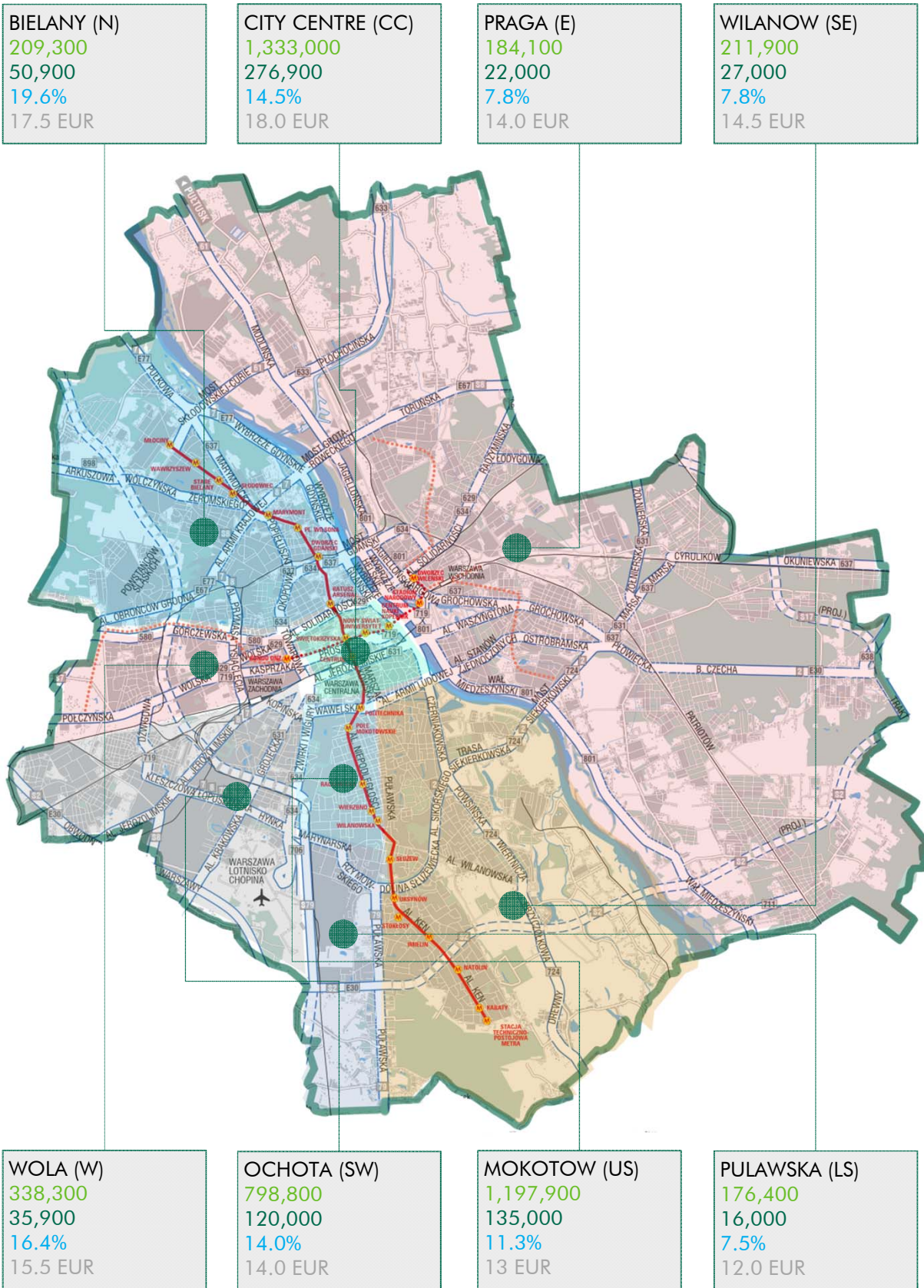
Figure 5: Warsaw gross take-up



Source: CBRE / PORF, Q1 2015, F – forecast.

PERSISTING PRESSURE ON RENTAL COMPRESSION

CITY CENTRE	24.5 ↘	NON-CENTRAL	15.0 ↘	PRIME HEADLINE AVERAGE HEADLINE (A CLASS) AVERAGE HEADLINE (B CLASS) TREND (EUR/SQ M/MONTH)
	18.0 ↘		13.0 ↘	
	15.0 ↘		11.5 ↘	



ZONE • OFFICE STOCK (SQ M) • UNDER CONSTRUCTION (SQ M) • VACANCY RATE • AVERAGE HEADLINE RENT - NEW SCHEMES (PER SQ M/MONTH)

Figure 6: Largest office lease transactions in Warsaw – Q1 2015

Company	Building	Size (sq m)	Transaction type	CBRE advisory
PZU	Konstruktorska Business Center	17 500	new	✓
HP	University Business Center II	10 400	renewal	✓
P4	Marynarska Business Park	10 200	renewal + expansion	
Benefit Systems	Warsaw Spire	6 000	pre-let	
Sygnity	Royal Wilanów	5 500	pre-let	
Volkswagen Bank Polska	Rondo 1	4 400	renewal	✓
DNB	Marynarska Point II	3 600	renewal	
HSBC	Rondo 1	3 200	new	✓
Abbott Laboratories	Park Postępu	2 800	new	
Agito	Gdanski Business Center I	2 600	new	

Source: CBRE / PORF, Q1 2015.

CONTACTS

Joanna Mroczek
Director, Research and Marketing
 +48 22 544 8061
joanna.mroczek@cbre.com

Lukasz Kaledkiewicz
Senior Director, Office Agency
 +48 22 544 8038
lukasz.kaledkiewicz@cbre.com

Daniel Bienias
Senior Director, Office Agency
 +48 22 544 8024
daniel.bienias@cbre.com

CBRE OFFICE

CBRE Sp. z o.o.
 Rondo ONZ 1, 24th floor
 Warsaw, 00-124

To learn more about CBRE Research,
 or to access additional research reports,
 please visit the Global Research Gateway at
www.cbre.com/researchgateway.



Disclaimer: Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.